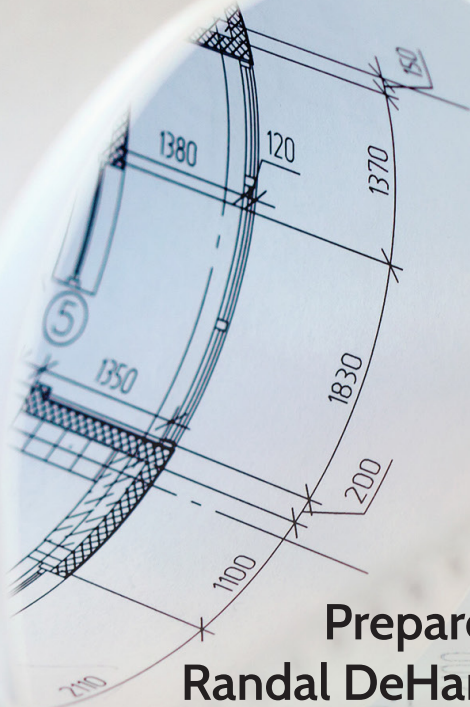


Construction Bookkeeping and Accounting: *Expectation vs. Reality*



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Fast Easy Accounting



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Construction Bookkeeping and Accounting - Expectation vs. Reality

Written by [Randal DeHart](#) – 2/22/19

Construction Bookkeeping is something you need to understand first, then learn. Over the years, hundreds of people have told us how easy QuickBooks is to use and how hard QuickBooks For Contractors is to use, and that is so true.

Here is what I see repeated many times among construction companies: You usually hire an "office admin with experience in QuickBooks," ask your spouse or significant other to do it for you, or you try your best and do it yourself. Some would take the time to hire an in-house bookkeeper – not knowing what they need is a Construction Bookkeeper/Accountant.

There is a world of difference between Construction Accounting and Regular Accounting.

- **Expectation:** Bookkeeping only takes 10 minutes a day.
Reality: Just sorting out the receipts, scanning, and filing is already 10 minutes. The piles of paperwork will always grow high and wide.
- **Expectation:** Simple data entry – it's fun because putting in checks, bills, and invoices are easy!

Reality: The fun ends when confusion begins. "Does this receipt belong to this job?", "Should I put this under Cost Of Goods Sold?", "How do I reconcile this?"

- **Expectation:** I'll just call the Payroll software for support.

Reality: Yes, you can. Reach out to your software provider for any technical issues you're having. The problem is there are times when an employee turns their time-card late and expects to get paid on time, someone asks for advance pay, or you're having some subcontractor issues.

- **Expectation:** I can run my financials and Job Cost Reports in QuickBooks (or the software I'm currently using)

Reality: Inaccurate reports will damage your business. The day to day input should be properly allocated. A \$5000 worth of transactions placed in the wrong category will result in unreliable data leading to costly bidding mistakes.

- **Expectation:** My bookkeeper can provide me with [Key Performance Indicators Report](#) (KPIs) every day since it will only take 5 minutes.

Reality: What is KPI? Yes, to some of you, that could be the reality. KPIs is a summary of how the business is doing financially and taken seriously can lead to some serious cash flow coming into your business and staying there. If you review these five reports at 5 P.M. for 5 minutes, you can gain tremendous insight into your business.

- **Expectation:** I already have an administrative assistant who runs the office and has QuickBooks (or other accounting software) experience. Hiring a construction bookkeeper/accountant will cost more money.

Reality: Contractors should have two primary accountants. One is the Tax Accountant, and the other is your Construction Accountant. Construction Accountants make numbers work in a way that it makes sense to you - the good (money in), the bad (money out), and the ugly (more unpaid bills are left than the cash in the bank)

How much is your Construction Company worth?

Long ago near Green Lake in Seattle, Washington, I went shopping for a bike helmet and asked the clerk for a "cheap helmet" because in my mind all bike helmet was the same and I was not about to be ripped off. He had a profoundly simple answer: "If you have a \$10 head buy a \$10 Helmet." He said it in a deadpan face, no expression and he acted as if he could not care less about what helmet I purchased.

I remembered something my Step-Father used to say "Buy the best you can afford and cry once, rather than buying the cheapest and crying about it not doing what it was intended to do forever." He was a simple man without a lot of formal education and yet one of the wisest men I have ever known.

I purchased the most expensive helmet I could afford, and it saved me from experiencing several injuries over the next few years.

Over the years I have put into practice a lot of the words of wisdom my Step-Father offered, and I can say with 100% assurance that his

advice about buying the best you can afford has helped me make a lot of money because every time I buy the best, it has been the cheapest in the long run and generated a lot of dividends.

Bottom line, you should hire the best bookkeeping and accounting service (who specializes in construction) that you can afford regardless of whether or not it is us because we may not be the best choice for your contracting company. Know that your expectations could sometimes be far from what is happening in reality. Eliminating these frustrations and making informed decisions are pathways to financial success in your construction business.

About The Author:



Randal DeHart, PMP, QPA is the co-founder of Business Consulting And Accounting in Lynnwood, Washington. He is the leading expert in outsourced construction bookkeeping and accounting services for small construction companies across the USA. He is experienced as a Contractor, Project Management Professional, Construction Accountant, Intuit ProAdvisor, QuickBooks For Contractors Expert and Xero Accounting Specialist. This combination of experience and skill sets provides a unique perspective which allows him to see the world through the eyes of a contractor, Project Manager, Accountant, and construction accountant. This quadruple understanding is what sets him apart from other Intuit ProAdvisors and Xero accountants to the benefit of all of the construction contractors he serves across the USA. Visit <http://www.fasteasyaccounting.com/randal-dehart/> to learn more.

Our Co-Founder Randal DeHart - Is a Certified PMP (Project Management Professional) with several years of construction project management experience. His expertise is construction accounting systems engineering and process development. His exhaustive study of several leading experts including the work of Dr. W. Edward Deming, Michael Gerber, Walter A. Shewhart, James Lewis and dozens of others was the foundation upon which our [Construction Bookkeeping System](#) is based and continues to evolve and improve. Check out our [Contractor Success Map Podcast on iTunes](#) and [Follow Randal on Google+](#)

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